

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
-vs-	:	
Mt. Carmel Public Utility Company	:	06-0740
	:	
Reconciliation of revenues collected	:	
under fuel adjustment charges with	:	
actual costs prudently incurred.	:	

ORDER

By the Commission:

On November 21, 2006, the Illinois Commerce Commission ("Commission") entered an Order Commencing FAC Reconciliation Proceedings, which directed Mt. Carmel Public Utility Company ("Mt. Carmel") to present evidence in this docket showing the reconciliation of revenues collected under its Fuel Adjustment Clause ("FAC") tariff with the actual cost of fuel supplies prudently incurred and recoverable under said FAC tariff for the year ending December 31, 2006 ("Reconciliation Period"). Notice of the filing of Mt. Carmel's testimony and schedules with the Commission was posted in Mt. Carmel's business offices and was published in newspapers having general circulation in Mt. Carmel's service territory, in the manner prescribed by 83 Ill. Adm. Code 255, in compliance with the Commission's November 21, 2006 order.

Pursuant to proper legal notice, a prehearing conference was held in this matter before a duly authorized Administrative Law Judge of the Commission at its offices in Springfield, Illinois on May 23, 2007. Thereafter, an evidentiary hearing was held on September 13, 2007. Appearances were entered by counsel on behalf of Mt. Carmel and by members of the Commission's Energy and Financial Analysis Divisions ("Staff"). Both Mt. Carmel and Staff presented evidence, and at the conclusion of the latter hearing, the record was marked "Heard and Taken."

Section 9-220 of the Public Utilities Act ("Act"), 220 ILCS 5/1-101 et seq., provides in part that "notwithstanding the provisions of Section 9-201, the Commission may authorize the increase or decrease of rates and charges based upon changes in the cost of fuel used in the generation or production of electric power, [or] changes in the cost of purchase power...through the application of fuel adjustment clauses" Rules implementing Section 9-220 are contained in 83 Ill Adm. Code 425, "Uniform Electric Fuel Adjustment." Under Section 425.20, "the fuel charge passed through the FAC is the total amount of allowable fuel and fuel related charges as identified herein." The formula for determining the fuel adjustment charge per kilowatt-hour is set forth in Section 425.30. Rules regarding economic dispatch, billing periods, allowable fuel and

fuel related charges, allowable energy charges associated with purchased power, base fuel cost, non-jurisdictional sales, and desulfurization cost are contained in Section 425.40.

Philip Barnhard, IV, Mt. Carmel's President, is responsible for supervising the calculation and filing with the Commission of the monthly and annual reconciliation required by Mt. Carmel's FAC tariff. He testifies that Mt. Carmel purchased all of its electric power requirements in calendar year 2006 from AmerenEnergy Marketing. Mr. Barnhard sponsors Exhibits E-1 and E-2 attached to his direct testimony, which identify and reconcile all components of Mt. Carmel's 2006 fuel costs and recoveries. Exhibit E-1 is a copy of Mt. Carmel's FAC rate sheets. Exhibit E-2 shows the reconciliation of revenues and costs, including Mt. Carmel's requested ordered reconciliation factor. Mr. Barnhard also expresses the opinion that Mt. Carmel's fuel supply purchases were prudent during 2006.

Mike Ostrander, a member of the Accounting Department of the Financial Analysis Division, testifies that he reviewed Mt. Carmel's filing and the underlying documents that support the FAC reconciliation calculations. He recommends that two adjustments be made to correct errors in Mt. Carmel's FAC reconciliation. His first adjustment reflects a refund of \$11,082 received during 2006 from the United States Department of Energy for restitution for crude oil overcharges for petroleum products purchased from 1973 to 1981. His second adjustment increases costs by \$28,189 for the impact of revised vendor invoices. The overall impact of his adjustments results in a Factor Ro collection of \$28,189. Mr. Ostrander recommends that the Commission direct Mt. Carmel to include this amount in its fuel adjustment charge in its first monthly FAC filing following the date of the order in this docket. Mt. Carmel accepts Mr. Ostrander's adjustments and recommendation.

Greg Rockrohr, a member of the Engineering Department of the Energy Division, also testifies that he reviewed Mt. Carmel's filing and responses to data requests concerning the prudence of its fuel supply purchases during the reconciliation period. Mr. Rockrohr further states that he found no reason to dispute Mt. Carmel's assertion that all fuel and power supply purchases were prudently incurred during the reconciliation period.

The Commission, having considered the entire record and being fully advised in the premises, is of the opinion and finds that:

- (1) Mt. Carmel is a corporation engaged in the distribution of electricity to the public in Illinois and, as such, is a public utility within the meaning of the Act;
- (2) the Commission has jurisdiction over Mt. Carmel and of the subject matter of this proceeding;

- (3) the statements of fact set forth in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact;
- (4) the evidence shows that during the Reconciliation Period, Mt. Carmel acted reasonably and prudently in its purchase of fuel; and
- (5) the reconciliation of Mt. Carmel's revenues collected under its FAC tariff with the actual cost of fuel supplies during the Reconciliation Period, as described in the Appendix attached hereto, should be approved.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the reconciliation of Mt. Carmel Public Utility Company's revenues collected under its FAC tariff with costs prudently incurred for the purchase of fuel for calendar year 2006 is hereby approved as set forth in the Appendix attached hereto.

IT IS FURTHER ORDERED that Mt. Carmel Public Utility Company collect the under recovered amount of \$28,189 in its first monthly FAC filing following the date of this Order.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By order of the Commission this 26th day of September, 2007.

(SIGNED) CHARLES E. BOX

Chairman